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C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 002761

SIPDIS

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TAGS: [IS](#) [KPAL](#) [OREP](#) [PREL](#) [XF](#) [SETTLEMENTS](#)

SUBJECT: SHARON TO CODELS: WE NEED TO BUILD IN THE
SETTLEMENT BLOCS AND PLEASE LEAVE US ALONE

Classified By: Ambassador Daniel C. Kurtzer for reasons 1.4 (b) and (d)

Terrorism and Palestinian Authority Performance

11. (C) During a May 2 meeting with Senator Bill Frist and Senator Joseph Lieberman, Prime Minister Sharon described in familiar terms his concerns about the failure of the Palestinian Authority to dismantle terrorist infrastructure. Sharon said that he personally remains committed to all that he has promised, including implementation of the disengagement plan, and that if Palestinians implement their commitments on dismantling terrorism, it will be possible to move back to the roadmap. He said he had been ready for painful compromises for peace, but could not make any compromises in the face of Palestinian terrorism.

12. (C) Sharon said that Palestinian terror groups continue preparing for acts of terrorism. He noted that Israel had captured a suicide bomber a few days before. Although the volume of terrorism has declined, the reality is that Palestinian President Abbas committed a major mistake by promising not to take steps against terrorist groups if they abided by the "tahadiya" or period of calm that precedes a ceasefire. Sharon said the PA continues to make declarations but fails to act. Smuggling continues, military industries are working, and Palestinian terror groups are training. The Palestinians are taking advantage of the fact that Israel is not taking pro-active steps against them. Sharon asserted that nothing will happen if terrorism does not stop and if terrorist organizations are not dismantled.

Disengagement Coordination

13. (C) Sharon said he remains ready to coordinate disengagement with the Palestinian Authority and, in fact, some contacts have begun following U.S. pressure on the Palestinians. He said it is imperative for the PA to understand that disengagement should not occur under fire, for if the IDF and settlers are fired upon, Israel will have to react in a very harsh way. The Palestinians need to be prepared to deploy their forces, take over the assets that Israel leaves behind and prevent radicals from asserting control in Gaza.

14. (C) Sharon complained that Egypt is not doing enough to prevent smuggling into Gaza. He said he had asked Mubarak in their last conversation to make a greater effort against smuggling but so far there has been no change. This is making it more difficult for Israel to contemplate leaving the Philadelphia strip.

15. (C) In response to a question, Sharon said that Israel has helped President Abbas in tangible ways, for example, releasing 500 prisoners and allowing deportees to return. Sharon has asked Vice Prime Minister Peres to work with Palestinians on such issues as building up infrastructure, social security, industrial zones, desalination and power stations. Sharon said he personally likes the idea of providing a social security net for poor Palestinians. On the other hand, Sharon said he is concerned about Hamas' participation in elections and the likelihood that Europe will remove Hamas from the list of terrorist organizations once Hamas joins the Palestinian Authority.

Settlements

16. (C) Senator Lieberman asked about Israeli construction in Ma'ale Adumin and whether more coordination is needed between the U.S. and Israel to define acceptable settlement activity in agreed settlement blocs. Sharon responded that, since 1967, the U.S. has always objected to Israel's building of Jewish communities in the West Bank, Gaza and Golan Heights. At the same time, all Israeli governments, on the left and on the right, have felt it important from a strategic perspective, to hold on to at least part of these areas. Today, more than 250,000 Jews live in areas that were

formerly under Jordanian occupation; this is the same area that historically was the cradle of the Jewish people. Sharon said the U.S. and Israel had agreed last year that settlement construction would be permitted within the lines of built-up areas in settlements, but the two sides did not discuss how this applied within the settlement blocs. Sharon said he believes that Israel should be permitted to build within the outer line of construction of the settlement blocs so as to create contiguity for those areas that will always remain within the State of Israel. He said there should not be a problem for Israel to build within the blocs.

17. (C) Sharon asked rhetorically why in this case has Israel not defined the outer limit of the settlement blocs. He said that he does not know if or when Israel will be able to move forward, but he does know what the outer circle is of the settlement blocs. Sharon repeated that when it comes to the settlement blocs and to areas which are state land, Israel should be able to build inside those areas. The U.S. has told him not to expect American support for this position, but "in the meantime, we build." Sharon said he is in a complicated internal situation in which his political problems are made harder each time the U.S. criticizes him about settlement construction. Accordingly, Sharon said, "we need quiet and we need to be left alone."

Northern Front

18. (C) Sharon said that Syria has not evacuated all of its forces from Lebanon and continues to look for ways to maintain its influence and control. The Syrians and Iranians are relying on and working through Hizbollah. Sharon said he fears that if the Syrians and Iranians are allowed to continue their activities, Lebanon could lose this opportunity to become an independent, democratic country. Sharon said that Lebanese elections should be held as soon as possible and that the Lebanese government should then confiscate all Hizbollah weapons. Hizbollah, he said, cannot be a political party bearing weapons.

19. (C) Sharon asserted that preparations are underway to move the headquarters of Palestinian terrorist organizations from Damascus to Lebanon. He thought the new headquarters would be located in Palestinian refugee camps. (Note: In a separate meeting with Senator Lieberman later in the day, Israeli Military Intelligence BG Kupperwasser said there is evidence that Palestinian "assets," i.e. people and equipment, are moving from Syria into refugee camps in Lebanon, but that Palestinian terror headquarters remain in Damascus).

Iran

110. (C) Sharon urged that the Iranian issue be brought to the Security Council as soon as possible. He said Europe has already accepted the inevitability of Iran's developing nuclear weapons, and the U.S. seems to be relying on European diplomacy vis-a-vis Iran. He said it is a very dangerous situation to be dealing with a country that speaks openly of its goal to eliminate the State of Israel. For change to occur, Iran needs to be under pressure. The Iranian people will push for change in Iranian policy only when they begin to suffer the effects of an economic boycott or financial and political pressure.

11. (U) Codel Frist and Codel Lieberman did not clear this message before their departure.

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KURTZER